

**METROPOLITAN
TRANSPORTATION
COMMISSION**

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Memorandum

TO: Programming and Allocations Committee

DATE: March 3, 2004

FR: Executive Director

W.I.:

RE: Use of STP/CMAQ Second Cycle Funding as STIP Backfill

Over the past several weeks, staff has been responding to a January 26th Partnership Board request to look at options for using Surface Transportation Program (STP), Congestion Mitigation and Air Quality (CMAQ), and Transportation Enhancement (TE) funding as substitute programming for critical STIP projects that have been unable to receive allocations due to the crisis in the State Highway Account. This is a status report on those activities. The STIP schedule will require that you take action at the April committee meeting.

Background

In December 2003, the Commission approved Phase 1 commitments for Transportation 2030 (T-2030). The Commission adopted a number of regionally significant program elements that would be funded from future STP/CMAQ/TE funding. Subsequently, the Partnership Board met on January 26th to discuss the T-2030 Phase 1 commitments in more detail. At this meeting, the congestion management agencies (CMA's) presented a proposal on how to proceed with implementing Phase 1 T-2030 commitments under Second Cycle STP/CMAQ/TE programming in the context of the State of California's fiscal crisis. The Partnership requested MTC consider this proposal.

Programming activity had been scheduled to follow the Commission's December 2003 adopted T-2030 recommendations. The Second Cycle federal discretionary programming would commit anticipated FY 2005-06 and 2006-07 STP/CMAQ/TE revenues. The T-2030 Phase 1 commitments would fully utilize the anticipated appropriated revenues in the second cycle in the following program areas:

- Clean Air
- Regional Operations
- CMA Planning
- Transit Capital Shortfall
- Local Streets and Roads Shortfall
- Transportation for Livable Communities/ Housing Incentives Program (TLC/HIP)
- Regional Bicycle and Pedestrian Program

The CMA's proposal would permit full funding for the Clean Air Program, Regional Operations Program, CMA Planning, Transit Capital Shortfall, and Local Streets and Roads Shortfall programs in the Second Cycle. However, they recommend that the region consider deferring or suspending, in full or in part, the funding for the Regional Bicycle and Pedestrian Program and TLC/HIP program in the Second Cycle program. The funds being deferred or suspended from the TLC/HIP and the Regional Bicycle and Pedestrian program would be used on STIP projects that have been previously committed but face shortfalls due to the lack of available funding at the state level.

Making Room for STIP Projects

We have considered the CMA proposal and in concert with discussions with the Partnership and other stakeholders since January 26th, have developed a strategy for deferral and repayment of some of the STP/CMAQ/TEA funding to the Third Cycle of federal discretionary funding, FY 2007-08 and FY2008-09 (see Attachment 1). In summary, \$60 million in federal discretionary funding would be freed up, as follows:

- The adopted First Cycle programming done by the Commission in June 2003 did not fully program the available revenues in FY 2004-05. The remaining \$11 million in unprogrammed STP/CMAQ funds is being made available for STIP programming now.
- The T-2030 commitment levels for the Regional Operations Program was to ongoing contracts for the various program elements, such as TransLink® and 511. Primarily through the temporary usage of SAFE funds MTC has in reserve, MTC is able to defer \$5 million out of FY 2005-06 with payback in FY 2007-08. This will not affect the availability of funds for any ongoing contract activity.
- The Second Cycle of federal discretionary programming was to have included more than \$27 million annually for the TLC/HIP program, to make up for no TLC/HIP programming in the First Cycle. The recommendation is to suspend the earlier years of TLC/HIP funding, covering FY 2003-04 and FY 2004-05. This suspension frees up \$54 million of STP/CMAQ/TE funding. The original Second Cycle TLC/HIP programming level was set at \$72 million. Staff's recommendation is to keep the full \$27 million annual commitment in the first year of Second Cycle of federal discretionary programming, which is FY 2005-06, in order to meet the Transportation Control Measure "C" requirement in the approved 2001 Ozone Attainment Plan for our region. In FY 2006-07, staff recommends up to a \$9 million HIP program. The freed up amount of \$36 million would be made available for backfilling the STIP. As shown in Attachment 1, there would be higher funding levels for TLC/HIP in the Third Cycle so that the average annual programming amount over the four years would be \$27 million.

- The Regional Bike/Pedestrian program received a commitment under Phase 1 T-2030 of \$200 million over 25 years. In lieu of \$8 million annually starting in FY2005-06, this recommendation would halve the program in the first two years to \$8 million instead of \$16 million, making up for it in the outer two years of SAFETEA, FY 2007-08 and FY 2008-09. Thus, the average annual commitment over the four-year period would remain \$8 million.

All Second Cycle “loans” to STIP projects would be repaid to the Regional Operations, TLC/HIP, and Regional Bike programs in the Third Cycle. The \$60 million freed up in the earlier years will go towards STIP projects that are awaiting funding, and will provide much needed economic stimulus and congestion relief.

STIP projects proposed for funding

In consultation with the Partnership and individual project sponsors, we have assembled a list of projects that are ready-to-go existing STIP projects that would be moving forward if sufficient STIP funding was available. Only existing STIP projects were considered. In screening the nearly 200 projects in the upcoming 2004 RTIP, staff developed a number of Guiding Principles in making its final recommendation (see Attachment 2). High priority projects were deemed to be safety- related, necessary to meet air quality commitments, and critical rehabilitation of our existing system. As well, there are a number of high profile STIP projects that are relying on future TCRP allocations to make them whole, with the TCRP funds completing complex funding packages for these projects. The \$60 million made available will be committed to backfilling the STIP projects shown in Attachment 3. Note that the possible removal of these projects from the RTIP is mentioned in the Draft 2004 RTIP going out for public comment today. The removal of these projects from the STIP also will enable other much-needed priorities to be advanced in the STIP.


The funding for the projects that may not receive their future TCRP funding allocations will be held in reserve until such time that the outcome of the TCRP program and the likelihood of new allocations to TCRP projects is known. At the earliest, this will be at the conclusion of the FY 2004-05 State Budget deliberations.

Note that the STP/CMAQ funding is only a portion of the larger regional response to the STIP shortfall. Upon the CTC release of the Draft STIP Fund Estimate in November 2003, it became evident that STIP revenues, consisting of the State Highway Account (SHA), the Public Transportation Account (PTA), and the Transportation Congestion Relief Fund (TCRF), would not reach the fund levels originally anticipated. MTC staff began work in earnest with the STIP project sponsors months in advance of this news to see if there were ways to use other local or regional funds to keep projects going. Many sales tax authorities came forward to offer local sales tax funding to be used as a substitute for STIP funding, paid back at a later date in the STIP.

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As well, Santa Clara County has exercised the use of the GARVEE bonding mechanism to advance critical projects in their County. A comprehensive summary of all these STIP backfill strategies is contained in Attachment 4.

We recommend that the Commission consider in its adoption of the 2004 RTIP in April 2004 the removal of the projects listed in Attachment 3 from the STIP and resultant inclusion of the same projects in the Second Cycle of STP/CMAQ programming. That same action should provide for the repayment of the displaced programmatic funding in the Third Cycle of federal programming.



Steve Heminger

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Baseline Programming from T-2030 Consensus

First, Second, and Third Cycle STP/CMAQ/TEA
Scheduled Commission adoption October 2004 for Second Cycle

*(figures in millions of dollars)	1 st Cycle		2 nd Cycle		3 rd Cycle	
	FFY 2003-04	FFY 2004-05	FFY 2005-06	FFY 2006-07	FFY 2007-08	FFY 2008-09
Clean Air	\$12	\$28	\$6	\$3	\$2	\$2
Regional Operations	\$25	\$40	\$33	\$27	\$20	\$19
Planning Activities	\$4	\$4	\$ 4	\$4	\$5	\$5
TEA-21 OA Carryover	\$95	\$48				
Road & Transit Shortfalls ¹	—	—	\$ 56	\$56	\$56	\$56
TLC/HIP ²	—	—	\$ 27	\$45	\$36	\$54
Regional Bike/Ped.	—	—	\$8	\$8	\$8	\$8
Possible Additional Funding ³					\$25	\$11
TOTAL	\$136 ⁷	\$120 ⁷	\$134	\$143	\$152	\$155

Deferral Option for Second Cycle Commitments

—Regional Ops & TLC/HIP & Regional Bike/Ped. deferral to Third Cycle—

*(figures in millions of dollars)	1 st Cycle		2 nd Cycle		3 rd Cycle	
	FFY 2003-04	FFY 2004-05	FFY 2005-06	FFY 2006-07	FFY 2007-08	FFY 2008-09
Clean Air	\$12	\$28	\$6	\$3	\$2	\$2
Regional Operations ⁴	\$25	\$40	\$30	\$25	\$25	\$19
Planning Activities	\$4	\$4	\$ 4	\$4	\$5	\$5
TEA-21 OA Carryover	\$95	\$48				
Road & Transit Shortfalls ¹	—	—	\$ 56	\$56	\$56	\$56
TLC/HIP ⁵	—	—	\$ 27	\$9	\$27	\$45
Regional Bike/Ped. ⁶	—	—	\$2	\$6	\$12	\$12
STIP Backfill	—	\$11	\$9	\$40		
Possible Additional Funding ³					\$25	\$16
TOTAL	\$136 ⁷	\$131 ⁷	\$134	\$143	\$152	\$155

Status of STIP Programming in the MTC Region

2002 STIP and upcoming 2004 STIP
(figures in millions of dollars)

(SFY)	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Programmed	209.2	170.8	196.7	99.0	190.9	0	0
Allocated	195.2	29.5	0	0	0	0	0
NEW 2004 target	0	0	16.1	155.7	131.7	129.0	195.9

Footnotes:

¹ Transit/local road rehab is 1/25th annually of T-2030 commitment level

² TLC/HIP totals \$162 for the 4 year period, or 6 x \$27 annually under SAFETEA

³ The possible additional funding is based on expectations of increased federal revenues from SAFETEA and represents a midpoint between the Administration's proposal and the Senate's proposal.

⁴ In the Regional Operations Program, \$5 million is deferred to 3rd Cycle and restored in FY 2007-08

⁵ TLC/HIP totals \$108 for the 4 year period, or 4 x \$27 annually under SAFETEA

⁶ Regional Bike/Ped. recovers to \$24 in Third Cycle, or 4 x \$8 annually under SAFETEA

⁷ Amended on March 3, 2004 to reflect actual programming

Guiding Principles

For the development of the STP-CMAQ/STIP backfill proposal
February 24th, 2004

1. Only those projects and those phases that are already in the 2002 STIP are being considered for backfill funding, with the exception of the TCRP Reserve category.
2. The STP/CMAQ funding will be programmed as a grant to the project. The project list will be adopted as part of STP/CMAQ Second Cycle policy adoption by the MTC Commission in April 2004.
3. The funding available is Federal Fiscal Year's 2005-06 and 2006-07 appropriated STP and CMAQ funding, what MTC is considering as "Second Cycle" federal discretionary programming. The revenue assumptions are consistent with revenue assumptions developed for First Cycle programming of these funds.
4. The revenues available as STIP backfill are being deferred out of Second Cycle from the T-2030 Phase 1 Consensus elements adopted by the Commission in December 2003. These deferrals will be made up for in Third Cycle.
5. The funds freed up from T-2030 Phase 1 Consensus deferrals are pooled to address the highest priority STIP needs regionally. Funds will not be returned to the Counties in accordance with any formula share or crediting scenario.
6. The TCRP Reserve is money that will be held pending the outcome of the Governor's proposal to eliminate the TCRP program, or the outlook on further deferral of Prop 42 revenues in FY 2005-06. MTC will not act to program these funds until after this legislative session, and perhaps until after there is additional clarity on the potential for further Prop 42 deferral in the FY 2005-06 State Budget.

The TCRP project funding levels listed are those dollar levels representing Unallocated TCRP funding. Projects with a discrete funding amount necessary to match other committed funding and enable a crucial project to go forward were included in this grouping. Allocated TCRP funding in danger of being unreimbursed was considered but was recommended to not be included on the list.

Should TCRP funds be available for the project then the STP/CMAQ will return to MTC for T-2030 commitments as determined by the Commission.

7. Projects have been selected in an attempt to address geographical equity, while respecting those categories that the MTC Commission should consider as very high priorities in this current environment of fiscal decline.

Critical categories selected include the following:

- safety projects that would otherwise be delayed due to the unavailability of STIP funds
- air quality projects included in a current conformity finding not scheduled for revisiting. NOTE: the Bay Area Air Basin projects will be part of the upcoming conformity finding made in conjunction with the adoption of the 2005 TIP
- Critical funding as a backfill to unallocated TCRP necessary to complete complex funding packages on STIP/TCRP projects
- rehab projects that are critical to the local agency and do not otherwise fit into the Transit and Local roads rehab element of the Second Cycle STP/CMAQ T-2030 consensus elements

8. Projects are primarily ready-to-go construction projects that will provide needed safety improvements, address air quality needs, cover necessary rehab, and provide needed TCRP funds to high priority STIP projects

9. It is not recommended that any regional federal funds be utilized to backfill delayed STIP funding. There is no guarantee STIP funding will return to the region.

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Memo to PAC
March 3, 2004
Attachment 2

**Proposed STIP Crisis Backfill
March 3, 2004**

(amounts in thousands)

County	PPNO	TIP ID	RTP ID	Deliverable Phase	Mode	Implementing Agency	Project Title	STP-CMAQ Amount
Safety Enhancements								
Alameda	2011C	ALA030012	98198	CON (Phase 1)	Local Road	County of Alameda	Vasco Road Safety Imps - Phase 1	\$3,900
San Francisco	2014R	SF-010029	21507	ENV	Urban Rail	BART	BART - Downtown Stations Seismic Analysis	\$500
San Francisco	2014N	SF-010033	94635	CON	Urban Rail	BART	BART - San Francisco Stations Platform Edge Tiles Replacement	\$2,000
San Francisco	2014H	SF-010024	94080	CON	Bus	SF Muni	SF Muni - 1401 Bryant Overhead Lines Building Seismic Rehab	\$9,200
San Mateo	0225G	SM-010002	21893	CON	State Hwy	Caltrans	SR 92 - Shoulder Widening and Curve Correction - Pilarcitos Crk	\$2,619
Santa Clara	0070	SCL010040	21715	CON	State Hwy	VTA	SR 152/SR 156 - Improvements	\$11,700
Total:								\$29,919
CUM.TOTAL								\$29,919
Air Quality								
Solano	5301	SOL990004	94151	CON (Phase 2)	Local Road	Solano TA	Jepson Parkway - between SR 12 and I-80 on Walters, Vanden and Leisure Town Roads - Phase 2	\$4,650
Total:								\$4,650
CUM.TOTAL								\$34,569
Transit Rehab								
Alameda	2113A	ALA990020	94526	CON	Bus	AC Transit	AC Transit - Engine Transmission Rehabilitation	\$628
Alameda	2009D	ALA030001	94526	CON	Bus	AC Transit	AC Transit - Bus Component Rehabilitation	\$4,000
San Francisco	2014P	SF-010026	94572	CON	Ferry	GGBHTD	GGBHTD - San Francisco Ferry Terminal Facilities Rehab	\$2,250
Total:								\$6,878
CUM.TOTAL								\$41,447
TCRP Backfill (Reserve) *								
Contra Costa	2011G	CC-030030	98197	CON	Urban Rail	BART	BART - Richmond Station Additional Parking	TBD
Marin	0342L	MRN990001	94563	CON	State Hwy	Caltrans	US 101 - HOV Lane Gap Closure - Cal Park to N. San Pedro	TBD
Napa	0367D	NAP010008	94074	ENV	State Hwy	Caltrans	SR 12 - Jamieson Canyon Widening	TBD
Sonoma	0789A	SON990001	94165	CON	State Hwy	Caltrans	US 101 - HOV Lanes - SR 12 to Steele Lane	TBD
Total:								\$19,620
CUM.TOTAL								\$61,067
GRAND Total:								\$61,067

* Note: Reserve amounts dependent upon TCRP Availability and Caltrans cost savings.

**STIP Shortfall
Regional Response
March 3, 2004**

(amounts in thousands)

	1 <u>STP/CMAQ Grant</u>	2 <u>STP/CMAQ Reserve</u>	3 <u>AB3090</u>	4 <u>GARVEE</u>
ALAMEDA				
AC Transmission Rehab	\$628			
AC Bus Component Rehab	\$4,000			
Vasco Road Safety Improvements	\$1,400			
680 Sunol Grade Southbound				
880/ Mission Interchange / HOV extn.			\$36,837	
TOTAL	\$6,028		\$36,837	
CONTRA COSTA				
BART Richmond Station Parking Structure		\$4,320	\$2,000 PENDING	
Vasco Road Safety Improvements	\$2,500			
Richmond Amtrak Station Improvements			\$2,100 PENDING	
Lafayette Reliez Valley Road Regional Trail			\$109	
Martinez Bay Trail			\$300	
Hillcrest Avenue Offramp - Antioch			\$250	
TOTAL	\$2,500	\$4,320	\$4,759	
MARIN				
101 HOV Gap Closure		\$10,000		
TOTAL		\$10,000		
NAPA				
Route 12 Jamieson Canyon		\$1,500		
TOTAL		\$1,500		
SAN FRANCISCO				
MUNI 3rd St. LRT extension			\$22,570 PENDING	
101 Doyle Drive			\$3,000 PENDING	
BART Downtown Stations Sesmic Analysis	\$500			
BART Tile Edge Replacement	\$2,000			
GGBHTD Ferry Terminal Rehab	\$2,250			
MUNI 1401 Bryant St. Seismic Retrofit	\$9,200			
Department of Parking and Traffic PT Ped Improvements			\$4,056 PENDING	
SF Public Work 3rd Street/Bayshore Pavement Rehab			\$4,768 PENDING	
TOTAL	\$13,950		\$34,394	
SAN MATEO				
92 Curve Corr/ Shoulder Wdng	\$2,619			
TOTAL	\$2,619			
SANTA CLARA				
880/Coleman				\$81,136
87 HOV, Julian to 280				\$44,018
87 HOV 280 to 85				\$50,645
152/156 Safety Enhancements	\$11,700			
680 Sunol Southbound HOV				
SR 25 Improvements			\$1,700	
TOTAL	\$11,700		\$1,700	\$175,799
SOLANO				
Jepson Parkway/leisuretown IC	\$4,650			
80/680/12 interchange				
Vallejo Ferry Terminal facility				
TOTAL	\$4,650			
SONOMA				
101 12 to Steele HOV lane		\$3,800		
101 Steele Lane interchange				
TOTAL		\$3,800		
Regional TOTAL				
	\$41,447	\$19,620	\$77,690	\$175,799